

AR52

CAMPBELL RED LAKE MINES LIMITED

Report to Shareholders

For the Financial Year Ended December 31

1974

Campbell Red Lake Mines Limited

(Incorporated under the laws of Ontario)

LOCATION OF MINE

Township of Balmer, Red Lake Mining Division, Province of Ontario
(Post Office: Balmertown, Ont. P0V 1C0)

HEAD OFFICE AND ADDRESS OF THE PRESIDENT
365 Bay Street, Suite 600, Toronto, Ont. M5H 2V4

ADDRESS OF THE SECRETARY
Box 30, Toronto-Dominion Centre, Toronto, Ont. M5K 1C1

REGISTRARS
Canada Permanent Trust Company
320 Bay Street, Toronto, Ont. M5H 2P6
Bankers Trust Company, 16 Wall Street, New York, N.Y. 10015

TRANSFER AGENTS
The Sterling Trusts Corporation, 372 Bay Street, Toronto, Ont. M5H 2X2
The Bank of New York, 48 Wall Street, New York, N.Y. 10015

DIRECTORS

Clifford W. Michel New York, N.Y.
William F. James Toronto, Ont.
John K. McCausland Toronto, Ont.
James B. Redpath Toronto, Ont.
Fraser M. Fell Toronto, Ont.

OFFICERS

Chairman of the Board Clifford W. Michel
President James B. Redpath
Secretary Fraser M. Fell
Assistant Secretary John H. Hough
Treasurer Edmund J. Andrecheck
General Manager George E. Peacock*
General Superintendent Stewart M. Reid

*Deceased — January 20, 1975.

AUDITORS

Clarkson, Gordon & Co., Toronto, Ont. M5K 1J7

GENERAL COUNSEL

Fasken & Calvin
Box 30, Toronto-Dominion Centre, Toronto, Ont. M5K 1C1

It is recorded here that it is the intention of the present management to solicit proxies. The form of proxy and the information circular will accompany the Notice of Annual Meeting which is being mailed to all shareholders.

COMPARATIVE SUMMARY

	<u>1974</u>	<u>1973</u>
Tonnage Milled	289,833	303,796
Ounces Gold Produced	197,369	196,190
Average Price realized per ounce on sales during the year	\$155.58	\$97.24
Value of Bullion	\$31,895,000	\$19,871,000
Operating Costs	\$ 6,443,000	\$ 5,593,000
Taxes (Provincial and Federal)	\$12,871,000	\$ 5,935,000
Net Income	\$14,092,000	\$ 8,908,000
Net Income per share	\$1.76	\$1.11*
Current Assets	\$31,454,000	\$18,753,000
Current Liabilities	\$ 9,681,000	\$ 3,744,000
Working Capital	\$21,773,000	\$15,009,000
Number of Shareholders — December 31	6,723	5,919
Dividends Declared	\$ 5,999,000	\$ 3,000,000
Dividends declared per share	\$0.75	\$0.37½*
Shares Issued	7,999,000	7,999,000*

* 1973 figures restated to give effect to 2 for 1 stock split May 10, 1974.

REPORT OF THE DIRECTORS
of
Campbell Red Lake Mines Limited
(For the Financial Year Ended December 31, 1974)

Toronto, Ontario.
February 21, 1975.

To the Shareholders of
Campbell Red Lake Mines Limited:

Your Directors herewith submit the Company's balance sheet and statements of income, retained earnings and changes in financial position, together with the Report of the Auditors thereon and the Report of the General Superintendent, covering the financial year ended December 31, 1974.

The gross production for 1974 was 197,369 ounces of gold, as compared with 196,190 ounces for 1973.

The operating profit before deducting tax under The Mining Tax Act, outside exploration expenses and provision for taxes on income was \$25,452,000. The non-operating revenue was \$1,888,000. These combined gave a total of \$27,340,000. Tax under The Mining Tax Act, outside exploration expenses and provision for taxes on income amounted to \$13,248,000 leaving net income of \$14,092,000 as compared to \$8,908,000 a year ago.

This net income was an historical high for the mine and was due to higher prices on the free market where all production was sold. The average price obtained for gold sales made during the year was \$155.58 Canadian compared to \$97.24 Canadian received the previous year.

Quarterly dividends of 6¼¢, 12½¢, 15¢ and 15¢ per share were declared during the year and after considering the profits, your Directors authorized an extra dividend of 3¼¢ per share for the first quarter, and 22½¢ per share for the final quarter. Therefore, the total dividends declared during the year amounted to \$5,999,000 or 75¢ per share.

The tonnage milled during 1974 totalled 289,833 tons which represents an average milling rate of 794 tons per day. The yield per ton was 13.62 dwt. as compared with 12.92 dwt. in 1973.

Ore reserves were increased by 73,900 tons to 1,556,100 tons, with ore in place showing a grade of 13.95 dwt. This moderate increase was obtained in spite of a substantial decrease in the amount of development work due to lack of manpower and there was no opportunity to continue the more exploratory types of development work.

Taxes under the Federal Income Tax Act of \$6,305,000, the Ontario Corporations Tax Act of \$2,081,000 and the Ontario Mining Tax Act of \$4,485,000 total \$12,871,000. The provisions for federal and provincial taxes were increased as both levels of government introduced legislation changing the various statutes under which they collect taxes. Federal proposals unfavourably affected depletion and the deductibility of provincial mining taxes. Proposals for changes in provincial regulations will substantially increase the rates of taxation retroactive to April 9, 1974 in Ontario. With the increase in net income in 1974 amounting to 58%, taxes on income would naturally increase. Although the federal and provincial legislative amendments have not yet been enacted our 1974 tax provisions have been calculated on the basis of the best information available and have had the effect of substantially increasing income taxes by 103% to \$8,386,000 and provincial mining taxes by 148% to \$4,485,000 as compared with the previous year. We particularly bring to the attention of our shareholders note 2 of the financial statements on page 12 of this report.

During the past year, Dome Petroleum Limited enjoyed the greatest period of growth in its history benefitting from the substantial investment program and completion of projects of the past several years. Your Company increased its equity and now holds 100,000 shares of that company.

Your Company continued to participate with the parent company, Dome Mines Limited and affiliated companies, Sigma Mines (Quebec) Limited and Dome Petroleum Limited in a mineral exploration program conducted by Dome Exploration (Canada) Limited. Your Company's share in this is 21% of all projects initiated from January 1, 1969. Details of the exploration program appear on page fifteen of this report.

With regard to our product, gold, the following paragraph is quoted from the annual report of the parent company, Dome Mines Limited:

"An examination of the chart at the beginning of this report, entitled '1974 Daily Price', clearly indicates the volatile action of the precious metal which your Company and its subsidiaries produce. Expressed in U.S. dollars, the price opened the year at \$117 per ounce and climbed rapidly to \$180 by April, then reacted to approximately \$129 in July. At this point the U.S. Government began to indicate a change in its policy that would permit its citizens to legally hold gold beginning in 1975, causing a move to \$195 per ounce during December with the year's closing at \$187. As the chart also discloses, the long term price trend continued its upward course which began in 1971. These gyrations in 1974 took place within a framework of unsettled confidence associated with an unparalleled world-wide price inflation on one hand, and the beginning of a business recession on the other. Financial uncertainties existing during the year were interest rates at historic high levels, international balance of payments deficits related to the Arab oil cartel's pricing policies, and a continuing decline of the U.S. dollar exchange rate against those of its major trading partners. It would appear that at a time when the U.S. dollar weakens in a world where exchange rates are no longer fixed but 'float', there is a tendency to destroy confidence in all paper currencies and stimulate the demand for gold."

It is with a great sense of loss that your Directors report the sudden death of Mr. George E. Peacock, the General Manager of the Company, on January 20th of this year. Mr. Peacock came to Campbell Red Lake Mines from the associated company, Sigma Mines (Quebec) Limited, in 1970. During these five years your Company has greatly benefitted from his skills in mine direction and great qualities of leadership.

Your Directors again wish to record their appreciation for the effective planning and direction by management and staff and to thank all employees for their loyalty and untiring efforts to increase the efficiency of the Company's operations.

Respectfully submitted,

On behalf of the Board,

CLIFFORD W. MICHEL,
Chairman.

JAMES B. REDPATH,
President.

Campbell Red Lake Mines Limited

ACCOUNTING POLICIES DECEMBER 31, 1974

The following are the principal accounting policies followed by the company:

A. Valuation of inventories

Bullion is valued at its estimated net realizable value. Inventory of mining and milling supplies are valued at cost determined on an average cost basis.

B. Valuation of investments

The investment in Dome Petroleum (see note 3) is accounted for using the equity method.

Marketable securities and other investments with a quoted market value are valued at cost. All other investments are carried at cost except for:

- (i) shares acquired as a result of development work which are carried at nominal value (the only exception being with respect to shares of Panarctic Oils Ltd., acquired for development work which, because of underlying worth as indicated by the valuations placed on recent changes in ownership have, since January 1, 1973, been carried at the amount expended since that date with deferred income taxes arising as a result of writing these expenditures off for income tax purposes included as a deferred credit) and,
- (ii) certain other investments which are carried at cost less amounts written off.

C. Valuation of capital assets

- (i) Buildings, machinery and equipment are shown at cost. Mining claims, properties and townsite land are at cost less amounts written off.
- (ii) Upon sale or retirement, the cost of capital assets and the related depreciation or amortization are removed from the accounts and any gain or loss is taken into income.
- (iii) Repairs and maintenance are charged to operations; major betterments and replacements are capitalized.

D. Depreciation and amortization

- (i) Depreciation on buildings, machinery and equipment is provided at the rate of 15% per annum on the straight-line method.
- (ii) Mining claims and properties are being amortized at the rate of 15% per annum on the straight-line method.

E. Mine development and exploration expenditures

All mine development, shaft sinking, and exploration expenditures are charged against income as incurred.

F. Income and mining taxes

The companies follow the tax allocation method of accounting. Under this method, timing differences between the amount of income reported for tax purposes and the amount of accounting income (which arise principally as a result of claiming depreciation and exploration at rates differing from those recorded in the accounts), result in provisions for deferred taxes and these are segregated in the deferred income and mining tax account at the year-end.

Campbell Red Lake Mines Limited

STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 1974 (with comparative figures for 1973)

	1974	1973
Bullion revenue	\$31,895,000	\$19,871,000
Operating costs:		
Development (note 5)	831,000	1,084,000
Mining	2,533,000	1,956,000
Milling	1,481,000	1,361,000
Refining and marketing	181,000	120,000
General and administrative	781,000	592,000
Taxes other than income and mining	93,000	87,000
Depreciation and amortization	543,000	393,000
	<u>6,443,000</u>	<u>5,593,000</u>
Operating profit	25,452,000	14,278,000
Add:		
Interest on Dome Petroleum Limited income debentures		42,000
Other interest, etc.	1,767,000	790,000
	<u>27,219,000</u>	<u>15,110,000</u>
Deduct outside exploration expenses	377,000	344,000
Income before taxes and equity in earnings of affiliate	<u>26,842,000</u>	<u>14,766,000</u>
Income and mining taxes (note 2):		
Federal income tax	6,305,000	3,154,000
Provincial income tax	2,081,000	971,000
Provincial mining tax	4,485,000	1,810,000
	<u>12,871,000</u>	<u>5,935,000</u>
Income after taxes, before equity in earnings of affiliate	13,971,000	8,831,000
Equity in earnings of affiliated company (note 3)	121,000	77,000
Net income for the year	<u>\$14,092,000</u>	<u>\$ 8,908,000</u>
Net income per share (note 6)	<u>\$1.76</u>	<u>\$1.11</u>

STATEMENT OF RETAINED EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1974 (with comparative figures for 1973)

	1974	1973
Balance, beginning of the year	\$17,994,000	\$12,086,000
Add net income for the year	14,092,000	8,908,000
	<u>32,086,000</u>	<u>20,994,000</u>
Deduct dividends of 75¢ per share (1973 — 37½¢ per share) (note 6)	5,999,000	3,000,000
Balance, end of the year	<u>\$26,087,000</u>	<u>\$17,994,000</u>

(See accompanying notes to financial statements)

CAMPBELL RED LAKE

(Incorporated under the laws of the Province of Ontario)

BALANCE SHEET

(with comparative figures for 1973)

ASSETS		1974	1973
Current Assets:			
Cash, including bank term deposits		\$ 8,592,000	\$ 3,589,000
Bullion (note 4)		5,709,000	3,088,000
Short-term commercial paper, at cost		13,814,000	9,210,000
Marketable securities (schedule attached)		1,389,000	1,738,000
Accrued interest and sundry accounts receivable		591,000	289,000
Mining and milling supplies		1,359,000	839,000
		<u>31,454,000</u>	<u>18,753,000</u>
Investments (schedule attached — note 3)		<u>3,275,000</u>	<u>2,285,000</u>
Capital Assets:			
Buildings, machinery and equipment		9,992,000	9,210,000
Less accumulated depreciation		<u>7,334,000</u>	<u>6,868,000</u>
		2,658,000	2,342,000
Mining claims and properties		218,000	168,000
Townsite land		<u>102,000</u>	<u>109,000</u>
		<u>2,978,000</u>	<u>2,619,000</u>
		<u>\$37,707,000</u>	<u>\$23,657,000</u>

(See accompanying notes)

AUDITOR

To the Shareholders of
Campbell Red Lake Mines Limited:

We have examined the balance sheet of Campbell Red Lake Mines Limited as at December 31, 1974 and the statements of income, retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

CAMPBELL RED LAKE MINES LIMITED

(Incorporated under the laws of Ontario)

DECEMBER 31, 1974

(As at December 31, 1973)

LIABILITIES

	1974	1973
Current Liabilities:		
Salaries and wages payable	\$ 162,000	\$ 135,000
Accounts payable	502,000	361,000
Accrued charges	140,000	93,000
Accrued taxes (note 2)	5,878,000	2,055,000
Dividends payable	2,999,000	1,100,000
	<u>9,681,000</u>	<u>3,744,000</u>
Deferred income taxes (note 2)	318,000	298,000
Capital and retained earnings:		
Capital (note 6) —		
Authorized:		
8,000,000 shares of 50¢ each		
Issued:		
7,999,000 shares	4,000,000	4,000,000
Discount (net) on shares issued	2,379,000	2,379,000
	<u>1,621,000</u>	<u>1,621,000</u>
Retained earnings	26,087,000	17,994,000
	<u>27,708,000</u>	<u>19,615,000</u>
On behalf of the Board:		
J. B. REDPATH, Director		
F. M. FELL, Director		
	<u>\$37,707,000</u>	<u>\$23,657,000</u>

(See notes to financial statements)

REPORT

In our opinion these financial statements present fairly the financial position of Campbell Red Lake Mines Limited as at December 31, 1974 and the results of its operations and the changes in its financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
January 31, 1975.

CLARKSON, GORDON & CO.,
Chartered Accountants

Campbell Red Lake Mines Limited

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 1974 (with comparative figures for 1973)

	1974	1973
Source of working capital:		
Operations —		
Net income for the year	\$14,092,000	\$ 8,908,000
Items not affecting working capital —		
Depreciation and amortization	543,000	393,000
Increase in deferred income taxes	20,000	156,000
Equity in undistributed earnings of affiliated company (note 3) ...	(121,000)	(77,000)
Total	<u>14,534,000</u>	<u>9,380,000</u>
Disposition of working capital:		
Dividends	5,999,000	3,000,000
Expenditures on capital assets (net)	805,000	1,355,000
Purchase of shares in affiliated company (note 3)	768,000	
Increase in other investments	102,000	51,000
Purchase of mining claims and property	96,000	
Total	<u>7,770,000</u>	<u>4,406,000</u>
Net increase in working capital for the year	<u>\$ 6,764,000</u>	<u>\$ 4,974,000</u>
Changes in components of working capital		
Increase (decrease) in current assets —		
Cash	\$ 5,003,000	\$ 1,610,000
Bullion	2,621,000	1,556,000
Short-term commercial paper	4,604,000	3,003,000
Marketable securities	(349,000)	(6,000)
Accrued interest and sundry accounts receivable	302,000	73,000
Mining and milling supplies	520,000	65,000
	<u>12,701,000</u>	<u>6,301,000</u>
Increase in current liabilities —		
Salaries and wages payable	27,000	28,000
Accounts payable	141,000	37,000
Accrued charges	47,000	28,000
Accrued taxes	3,823,000	1,034,000
Dividends payable	1,899,000	200,000
	<u>5,937,000</u>	<u>1,327,000</u>
Net increase in working capital for the year	<u>6,764,000</u>	<u>4,974,000</u>
Working capital, beginning of the year	<u>15,009,000</u>	<u>10,035,000</u>
Working capital, end of the year	<u>\$21,773,000</u>	<u>\$15,009,000</u>

(See accompanying notes to financial statements)

Campbell Red Lake Mines Limited

SCHEDULE OF MARKETABLE SECURITIES AND OTHER INVESTMENTS DECEMBER 31, 1974

(with comparative figures at December 31, 1973)

	1974		1973	
	Book Value	Market Value	Book Value	Market Value
Marketable securities:				
Government and government guaranteed				
short-term securities	\$ 889,000	\$ 918,000	\$ 741,000	\$ 727,000
Corporate bonds	500,000	470,000	997,000	966,000
	<u>\$1,389,000</u>	<u>\$1,388,000</u>	<u>\$1,738,000</u>	<u>\$1,693,000</u>
Other investments				
With a quoted market value —				
Dome Petroleum Limited				
(affiliated company) —				
Shares (1974 — 100,000;				
1973 — 71,275)	<u>\$2,966,000</u>	<u>\$1,762,000</u>	<u>\$2,077,000</u>	<u>\$2,548,000</u>
With no quoted market value —				
Panarctic Oils Ltd., Common				
shares, no par value (1974 —				
149,433; 1973 — 142,902)	155,000		77,000	
Sundry	154,000		131,000	
	<u>\$3,275,000</u>		<u>\$2,285,000</u>	

(See accompanying notes to financial statements)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1974

1. Accounting policies

The principal accounting policies followed by the company are summarized under the caption "Accounting Policies".

2. Income and mining taxes

(a) Income and mining taxes consist of:

	1974		1973	
	Current	Deferred	Current	Deferred
Federal income tax	\$ 6,290,000	\$15,000	\$3,035,000	\$119,000
Provincial income tax	2,076,000	5,000	934,000	37,000
Provincial mining tax	4,485,000		1,810,000	
	<u>\$12,851,000</u>	<u>\$20,000</u>	<u>\$5,779,000</u>	<u>\$156,000</u>

(b) During 1974 the federal and provincial governments introduced legislation to amend the acts under which they collect income and mining taxes respectively. Although certain of these amendments have not been enacted and some of the proposals have not yet been set out in sufficient detail to remove doubt as to their ultimate effect, the 1974 income tax provisions have been calculated on the basis of the best information available. These proposed changes had the effect of increasing the 1974 tax provision by \$2,290,000 for those portions of the year to which they apply.

- (c) One of the federal amendments noted above changed the rate of depletion as of May 6, 1974 from 40% of mining income to the lower of 25% of production profits or the "earned depletion base". The "earned depletion base" is generally equal to one third of the total eligible exploration and capital expenditures subsequent to November 7, 1969, which for Campbell amounted to \$788,000. Depletion claimed for federal income tax purposes amounted to:

	1974	1973
Prior to May 6	\$3,018,000	\$4,661,000
From May 6 "earned depletion"	788,000	
	<u>\$3,806,000</u>	<u>\$4,661,000</u>

Earned depletion claimed in 1974 has eliminated any "earned depletion base" available for subsequent years.

- (d) Income and mining taxes are provided at a combined federal and provincial effective rate of 48.0%, an increase of 7.8% over 1973.

The difference between the combined basic statutory rate and that used in calculating the income and mining provision, is made up as follows:

	1974	1973
Income taxes:		
Basic statutory rate (combined)	50.0%	51.0%
Less: Federal depletion (other than earned)	5.3	14.8
Federal "earned depletion" .....	.7	
Provincial depletion	2.7	4.5
Mining tax	2.4	3.8
Resource tax abatement	7.8	
Surtax on investment and sundry income	(.2)	
Effective rate	<u>31.3</u>	<u>27.9</u>
Mining taxes:		
Average rate	16.7	12.3
Total income and mining tax rate used	<u>48.0</u>	<u>40.2</u>

3. Details of accounting for affiliated company

The investment of .8% (1973 — .6%) in Dome Petroleum Limited is accounted for on the equity method whereby the company's investment is carried at cost plus its share of undistributed earnings. The company's share of the annual net earnings is reflected currently in income.

Summary of investment:

	1974	1973
Cost of acquisition	\$2,768,000	\$2,000,000
Equity in undistributed earnings	198,000	77,000
	<u>\$2,966,000</u>	<u>\$2,077,000</u>
Market value (which is not necessarily indicative of realizable value)	<u>\$1,762,000</u>	<u>\$2,548,000</u>
Number of shares	<u>100,000</u>	<u>71.275</u>

The excess of the cost of this investment over the underlying book value at the various dates of acquisition (unamortized balance 1974 — \$1,708,000; 1973 — \$1,330,000) is attributable to Dome Petroleum's oil and gas reserves, and is being amortized to income by reference to annual production in relation to the estimated recoverable reserves.

4. Bullion

Bullion on hand and in transit is valued at the net estimated realizable value at the year-end. (1974 — \$168 per ounce; 1973 — \$103 per ounce.)

5. Development

Development costs include shaft sinking expenditures. (1974 — Nil; 1973 — \$126,000.)

6. Share capital

On April 29, 1974, the shareholders approved an increase of authorized capital from 4,000,000 to 8,000,000 common shares and the subdividing of the issued shares on a two-for-one basis.

7. Remuneration of directors and officers

The total remuneration paid in respect of 1974 by the company to its directors and senior officers (defined by The Business Corporations Act, Ontario, 1970 to include the five highest paid employees) amounted to \$141,000 (1973 — \$121,000).

Campbell Red Lake Mines Limited

REPORT OF THE GENERAL SUPERINTENDENT

To the Chairman of the Board, President and Directors:

The following report covering the operations of your Company during the year 1974 is submitted for your consideration.

During the year 312,584 tons were hoisted, of which 289,833 tons were ore and 22,751 tons were waste.

The 289,833 tons of ore milled yielded bullion containing 197,369 ounces of gold, the average yield being 0.681 ounces per ton or 13.62 pennyweights per ton. All grades of ore will be expressed in pennyweights (dwt.) throughout this report. One pennyweight equals one-twentieth (1/20th) of an ounce Troy weight. As in the past all production was sold on the free market, settlement being made in equivalent Canadian Funds at prevailing exchange rates. Free market prices are by direct negotiation between buyer and seller. The price received on all sales during the year averaged \$155.58 Canadian per ounce.

MINING:

In all, 266,230 tons of a grade of 15.51 dwt. were drawn from the stopes and sent to the mill.

Broken ore totalling 109,000 tons remains in the stopes, an increase of 1,000 tons from the previous year.

The main stoping operations were above the 15th or 2,200 foot level. Ore removed by cut and fill mining decreased from 31% to 25% of the total ore mined.

DEVELOPMENT:

Development was distributed from the 2nd level to the 26th level. Of this work 53% was drifting and raising in known ore zones.

Diamond drilling totalling 20,851 feet was done as a guide to development and mining.

The following table shows details of development and diamond drilling completed during the year.

SUMMARY OF DEVELOPMENT FOOTAGE BY LEVELS FOR YEAR 1974

Level	Drifts	Crosscuts	Raises	Slabbing	Total	Diamond Drilling
2nd	75	.....	.....	2	77	.....
3rd .....	.....	.....	343	40	383	.....
4th	65	.....	.....	18	83	259
5th	279	.....	176	23	478	1,046
6th	689	.....	374	214	1,277	1,200
7th	87	.....	131	14	232	1,837
8th	227	.....	.....	40	267	50
9th	298	.....	215	69	582	485
10th	64	.....	.....	10	74	693
11th	30	.....	26	49	105	210
12th .....	.....	.....	.....	.....	.....	798
13th .....	.....	11	.....	7	18	177
14th .....	.....	.....	.....	14	14	428
15th .....	.....	.....	.....	10	10	896
16th	636	.....	.....	90	726	403
17th	79	.....	187	34	300	1,137
18th .....	.....	.....	.....	14	14	2,417
19th	876	200	194	97	1,367	3,151
20th	577	277	.....	101	955	3,237
21st	609	.....	433	104	1,146	499
22nd	101	222	.....	56	379	1,928
25th .....	.....	208	.....	.....	208	.....
26th .....	.....	406	.....	.....	406	.....
27th .....	.....	462	.....	.....	462	.....
TOTALS	4,692	1,786	2,079	1,006	9,563	20,851

ORE PRODUCTION:

The mine produced 289,833 tons of ore during the year which averaged 14.87 dwt. The stopes produced 266,230 tons averaging 15.51 dwt. and development produced 23,603 tons averaging 7.65 dwt.

ORE RESERVES:

The ore reserves are estimated at 1,556,100 tons, an increase of 73,900 tons over last year. The ore reserves include 109,000 tons of broken ore.

A summary of the distribution of ore in place, broken ore and total ore extracted from stopes to the end of 1974 is as follows:

SUMMARY OF ORE RESERVES AND EXTRACTION BY LEVELS

	Tons Ore in Place	Average Grade (dwt. per ton)	Tons Broken Ore	Total Tons Ore Extracted From Stopes to End of 1974
Surface to 1st Level	1,600	10.69	.....	260,004
1st Level to 2nd Level	4,500	10.69	300	348,094
2nd Level to 3rd Level	8,400	11.66	300	398,580
3rd Level to 4th Level	17,700	11.95	6,000	523,827
4th Level to 5th Level	26,500	12.12	8,200	523,567
5th Level to 6th Level	60,400	15.51	3,600	505,862
6th Level to 7th Level	45,700	12.29	16,700	633,079
7th Level to 8th Level	40,000	12.18	1,400	683,472
8th Level to 9th Level	37,800	14.23	7,200	468,779
9th Level to 10th Level	76,300	18.45	23,800	343,153
10th Level to 11th Level	129,300	16.19	14,700	128,846
11th Level to 12th Level	132,900	15.30	8,000	130,622
12th Level to 13th Level	175,300	14.42	4,200	101,095
13th Level to 14th Level	180,500	14.72	5,900	159,033
14th Level to 15th Level	166,400	14.32	8,200	86,626
15th Level to 16th Level	128,800	13.38	.....	5,355
16th Level to 17th Level	79,500	10.17	400	1,678
17th Level to 18th Level	47,400	9.54	.....	5,985
18th Level to 19th Level	46,700	10.26	.....	440
19th Level to 20th Level	41,400	9.72	100	2,060
	1,447,100	13.95	109,000	5,310,157

Ore in Place 1,447,100

Broken Ore 109,000

1,556,100

Increase over 1973 is 73,900 Tons.

MILL:

The following are the results of milling operations:

Tons of ore treated	289,833
Average tons per calendar day	794 tons
Average grade of ore treated	14.87 dwt. per ton
Recovery	13.62 dwt. per ton
Recovery percentage	91.60%

COSTS:

The expenditure on mining was \$2,533,000 or \$8.73 per ton milled.

The expenditure on development (excluding ore and waste passes and crusher station) was \$770,000 or \$2.66 per ton milled.

Operating costs (excluding depreciation and amortization) were \$20.35 per ton milled.

CAPITAL EXPENDITURES:

Net capital expenditures for the year were \$805,000. This amount includes additions to Mine Dry and Machine Shop, a new Warehouse Storage Building, additions to the Mill including a 55-foot diameter thickener tank, underground drills and rolling stock, one new truck for surface and additions to living facilities for employees.

The details of changes in plant buildings and equipment are as follows:

Additions:

Mine equipment	\$133,000
Mill building and equipment	194,000
Surface buildings and equipment	478,000
Total	<u>\$805,000</u>

EXPLORATION:

Through joint participation in the exploration program of the parent company, Dome Mines Limited, your Company continued its 30% interest in those projects which originated before January 1st, 1969 and its 21% interest in the substantially increased exploration campaign which started on January 1st, 1969.

Quebec:

A participation in detailed exploration on twelve major projects involving extensive ground geophysical surveys and 53 drill holes.

A participation in exploration programs based on airborne geophysical surveys released by the Quebec Department of Natural Resources. One of these programs, now completed, involved 15 drill holes. Exploration on the other four projects will continue in 1975.

A participation in an extensive program of base-metal exploration in the general Val d'Or area.

A participation in the optioning of a gold property near Val d'Or, where a long-term, major drilling program will start in 1975.

A participation in the staking of nine new claim blocks, west of Mattagami. These will be explored in 1975.

A participation in an underground exploration, development and production program on the "O" zone of Clinton Copper Mines Limited.

Ontario:

A participation in five major drilling programs, two airborne geophysical programs, a continuing gold prospecting venture and a participation in the acquisition of claims in a number of areas.

A participation in the drilling phases of two airborne geophysical programs carried out in previous years, involving twenty-one drill holes.

A participation in a drilling program involving sixteen holes to test Turam anomalies in an area of favourable geology.

A participation in the optioning and drilling of two gold prospects involving twenty-three drill holes.

A participation in the staking of sixteen claims where widespread low-grade gold indications were found.

A participation in two airborne geophysical survey programs, one in an area where new mineralization was discovered, and the other adjacent to a gold prospect with base metal potential.

Your Company staked 24 claims, optioned 11 claims and started negotiations to option another 10-claim property. Because of their locations relative to claims controlled by Campbell, all of these groups are entirely for your Company's account.

Manitoba:

A participation in the continuing exploration of 342 claims centered around a gold prospect in northern Manitoba. A drilling program will be carried out in this area in 1975.

Northwest Territories:

A participation in the staking of a small group of claims to cover base-metal indications in the Barren Lands.

Western Canada:

A participation with outside partners in six joint ventures in British Columbia. This involved drilling on four separate properties with further drilling scheduled in 1975.

A participation in two joint-venture exploration programs in the Yukon.

Alaska:

A participation with outside partners in a continuing exploration program in Alaska. This will continue in 1975, along with detailed work on two prospects.

General:

A participation in an international consortium to investigate methods of mining metal-bearing nodules from the deep-ocean floor.

A participation in prospecting ventures in various parts of Canada.

GENERAL:

The daily milling rate was 794 tons per day. This decrease of daily tonnage was due primarily to a shortage of miners during the latter part of the year.

Unit operating costs increased 19%. This was mainly due to substantial wage increases and costs of operating materials and services.

The shaft has been completed to a depth of 317 feet below the 27th or 4000-foot level, together with ore and waste passes and the ventilation system. The crusher station below the 27th level has been excavated and is being prepared for installation of the crusher.

Following crusher installation and completion of station and dump facilities it should be possible to commence lateral work on the newly established six lower levels during the latter part of 1975, if men are available.

Ore reserves show a modest increase over last year.

After 25 years of operation we were happy to induct 11 charter members into our Quarter Century Club at an appropriate ceremony on September 14, 1974.

Appended to this report is a table setting forth the communities in which purchases were made, wages and salaries paid and distribution of taxes.

It is with a deep sense of personal loss that I record the sudden passing of our General Manager, Mr. George E. Peacock, on January 20th, 1975, at the Port Arthur General Hospital. His dynamic personality and strong leadership will be missed in this community.

In conclusion I wish to record my sincere appreciation to the heads of the operating departments and to all members of the staff for their co-operation, efficiency and loyalty.

Respectfully submitted,

Balmertown, Ontario,
February 19, 1975.

STEWART M. REID,
General Superintendent.

FIVE YEAR REVIEW

Production:	1974	1973	1972	1971	1970
Tons milled (in thousands)	303	304	303	303	262
Fine ounces (in thousands)	196	196	197	196	179
Recovery value per ton	\$ 93.07	\$ 65.41	\$ 38.31	\$ 27.21	\$ 25.87
Number of employees at year end	313	306	292	295	275
Financial (in thousands; except per share):					
Bullion revenue	\$ 31,895	\$ 19,871	\$ 11,596	\$ 8,245	\$ 6,779
Operating expenses	6,443	5,593	4,374	4,077	3,855
Operating profit	25,452	14,278	7,222	4,168	2,924
Interest income from affiliate		42	100	100	100
Other income	1,767	790	533	427	532
	27,219	15,110	7,855	4,695	3,556
Deduct outside exploration expenses	377	344	273	205	212
	26,842	14,766	7,582	4,490	3,344
Provision for taxes**	12,871	5,935	2,915	1,773	1,402
	13,971	8,831	4,667	2,717	1,942
Equity in earnings of affiliate	121	77			
Net income	\$ 14,092	\$ 8,908	\$ 4,667	\$ 2,717	\$ 1,942
Dividends declared	5,999	\$ 3,000	\$ 2,250	\$ 1,800	\$ 1,800
Per Share:*					
Net income	\$ 1.76	\$ 1.11	\$ 0.58	\$ 0.34	\$ 0.24
Dividends	\$ 0.75	\$ 0.38	\$ 0.28	\$ 0.22	\$ 0.22
Working capital at year end	\$ 21,773	\$ 15,009	\$ 10,035	\$ 7,936	\$ 7,296
Total shareholders' equity at year end	\$ 27,708	\$ 19,615	\$ 13,707	\$ 11,289	\$ 10,372
Total assets at year end	\$ 37,707	\$ 23,657	\$ 16,265	\$ 12,983	\$ 11,788
Number of shareholders at year end	6,723	5,919	5,411	5,669	5,685

* Restated to effect the 2 for 1 stock split May 10, 1974.

** Provision for taxes has been restated to include provincial mining taxes previously included in operating expenses.

CAMPBELL RED LAKE MINES LIMITED



Total supplies and services	\$5,398,000
Total amount of wages and salaries	3,253,000
Income taxes	8,386,000
Mining taxes	4,485,000
Other taxes (Provincial and Municipal)	88,000

PRINCIPAL CITIES AND TOWNS IN CANADA WHICH BENEFIT

Atikokan	Elliot Lake	Montreal	Selkirk
Balmertown	Fort Erie	North Bay	St. Catharines
Belleville	Fergus	Oakville	St. Thomas
Brampton	Galt	Orillia	Sudbury
Burlington	Gananoque	Oshawa	Thornbury
Burnaby	Granby	Ottawa	Thornhill
Calgary	Guelph	Peterborough	Thunder Bay
Cambridge	Haileybury	Pointe Claire	Toronto
Chatham	Hamilton	Preston	Trenton
Cowansville	Kenora	Redditt	Val d'Or
Copper Cliff	Kitchener	Red Lake	Vancouver
Don Mills	Lachine	Rexdale	Vermilion Bay
Dorval	Lakefield	Richmond Hill	Waterloo
Downsview	LaSalle	Rouyn	West Hill
Dryden	Lindsay	Sault Ste. Marie	Weston
Ear Falls	London	Scarborough	Willowdale
Edmonton	Mississauga	Schomberg	Winnipeg

NUMBER OF COMMUNITIES, COMPANIES AND INDIVIDUALS THROUGH WHOM SUPPLIES AND SERVICES ARE PURCHASED

	Communities	Companies and Individuals
British Columbia	2	3
Manitoba	2	71
Ontario	53	172
Quebec	9	27
Alberta	2	4
United States of America	2	3
	<u>70</u>	<u>280</u>

Campbell Red Lake Mines Limited

INFORMATION PROVIDED IN ACCORDANCE WITH SECURITIES EXCHANGE COMMISSION REQUIREMENTS

Business and Properties

The Company has been in production since 1949, operating a gold mine at Balmertown, Ontario, Canada, in the Red Lake Mining Division, consisting of 1,175 acres in the Township of Balmer. The mill plant operating at 794 tons per day uses gravity, flotation, roasting and cyanidation in the recovery of gold. Bullion produced contains minor silver values. Ore reserves were estimated at 1,447,100 tons in place with an average grade of 0.698 oz. gold at December 31, 1974. Gold production during 1974 was 197,369 ounces from 289,833 tons milled. Bullion revenue was \$31,895,000, or an average price of \$155.58 per ounce, all from the sale of gold on the free market. The Company had 313 employees at the year-end.

All outside mineral exploration is managed and directed by Dome Exploration (Canada) Limited, which is a wholly-owned subsidiary of the Parent company, Dome Mines Limited. Campbell Red Lake Mines Limited has a participation of 21% of all projects initiated from January 1, 1969.

In addition to the Company's gold mining operations, the Company has an investment portfolio as outlined on page eleven of this Annual Report.

Directors and Executive Officers

The name and office held in the Company, principal occupation or employment, and principal business affiliation of each director and executive officer of the Company is as follows:

<u>Name and Office in Company</u>	<u>Principal Occupation/or Employment</u>	<u>Principal Business Affiliation</u>
CLIFFORD W. MICHEL, Chairman of the Board, and a Director	Investment Broker	General Partner, Kuhn, Loeb & Co., Members New York Stock Exchange Inc., New York, U.S.A.
WILLIAM F. JAMES, Director	Consulting Geologist	Partner, James & Buffam, Consulting Geologists, Toronto, Canada.
JOHN K. McCAUSLAND Director	Investment Broker (Retired)	Formerly Vice-President and Director, Wood Gundy Limited, Investment Dealers, Toronto, Canada.
JAMES B. REDPATH, President and a Director	Mining Executive	President, Dome Mines Limited and subsidiary companies, Toronto, Canada.
FRASER M. FELL, Q.C., Secretary and a Director	Solicitor	Partner, Fasken & Calvin, Barristers & Solicitors, Toronto, Canada.
EDMUND J. ANDRECHECK, Treasurer	Accountant	Assistant Treasurer, Dome Mines Limited and Treasurer subsidiary companies, Toronto, Canada.

Principal Markets for Company's Shares

The New York Stock Exchange and The Toronto Stock Exchange are the principal markets in which the Company's shares are traded. Shown below are the high and low sales prices for the Company's shares on these exchanges for the periods indicated. As the Company's shares were split 2 for 1 on May 10, 1974, the share prices prior to this date have been restated accordingly:

New York Stock Exchange		1974		1973	
United States dollars		High	Low	High	Low
First Quarter		48	37½	22½	17½
Second Quarter		48⅞	29⅞	35⅞	22½
Third Quarter		47⅞	19⅞	35⅞	23⅞
Fourth Quarter		43½	27½	39½	22⅞

Toronto Stock Exchange		1974		1973	
Canadian dollars		High	Low	High	Low
First Quarter		48	35¾	21¾	15¾
Second Quarter		48	28½	31¾	21⅞
Third Quarter		46	19¾	33½	23¾
Fourth Quarter		38½	27¼	38	22⅞

Dividends Paid

The dividends paid on the Company's shares for each quarterly period during 1973 and 1974 are shown below and these figures have been restated for the periods prior to the May 10, 1974 split of the shares on a 2 for 1 basis.

	1974			1973		
	Declared per share			Declared per share		
	Regular	Extra	Total	Regular	Extra	Total
First Quarter	\$.06¼	\$.03¾	\$.10	\$.06¼	\$ —	\$.06¼
Second Quarter .....	.12½	—	.12½	.06¼	.02½	.08¾
Third Quarter .....	.15	—	.15	.06¼	.02½	.08¾
Fourth Quarter .....	.15	.22½	.37½	.06¼	.07½	.13¾
Total for Year	\$.48¾	\$.26¼	\$.75	\$.25	\$.12½	\$.37½

Annual Report on Form 10-K

Copies of the Company's Form 10-K Annual Report to the United States Securities and Exchange Commission are available to shareholders without charge by writing to Fraser M. Fell, Secretary of the Company, P.O. Box 30, Toronto-Dominion Centre, Toronto, Ontario, Canada M5K 1C1.

